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May 24, 2013

Jeff S. Jordan, Supervisory Attorney
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Federal Election Commission
999 E Street, NW
Washington, DC 20463

Via Facsimile (202) 219-3923
Original by U.S. Mail

Re: California Real Estate Political Action Committee/Federal (RR 13L-02R)

We have had an opportunity to review and analyze the facts and circumstances related to the amended 2011 Mid-Year Report filed by California Real Estate Political Action Committee/Federal (CREPAC/Federal). While an amendment was required, there was virtually no financial activity on the part of the committee during the period between the initial filing and the amended filing. The revised number is almost meaningless because the amount received by the committee did not impact the use of the funds in any manner whatsoever. In actuality, CREPAC/Federal has not made any contributions since 2002, and it has never made any independent expenditure. Other than small fundraising and administrative expenses, its only expenditure each year is a transfer to its affiliated separate segregated fund, the National Association of REALTORS Political Action Committee (RPAC). Each annual transfer is approved by CREPAC/Federal's board of trustees in January, and the amount transferred is not based on CREPAC/Federal's account balance or receipts. CREPAC/Federal's April 2011 transfer of \$740,000.00 to RPAC was similar to its 2010 transfer (\$760,000.00) and 2012 transfer (\$710,000.00), even though CREPAC/Federal's receipts varied significantly each year. CREPAC/Federal's other expenditures in 2011 totaled only \$8,737.39, and they consisted of fundraising expenses, tax payments, bank charges and a contribution refund.

When we filed the original 2011 Mid-Year Report, we reported the receipts identified in our database. In 2011, the California Association of REALTORS (CAR) started using the National Association of REALTORS' (NAR) fundraising data management software, Aristotle 360 (AI360), to manage contributions received by CREPAC/Federal and CAR's state political action committees. Most of the contributions are collected by CAR's local associations through their membership dues billing process. The members usually make a single payment that includes membership dues, a contribution to CREPAC/Federal, and contributions to CAR's state PACs. The local associations forward their members' payments and data to CAR, and CAR then deposits the funds into a holding account and enters or uploads the data into AI360. The software is used to calculate and keep track of how the members' payments are to be allocated among CREPAC/Federal, the state PACs, and CAR's general funds. CAR uses data files and statements generated by AI360 to prepare campaign reports and to determine the amounts that should be transferred from its holding account to each PAC.

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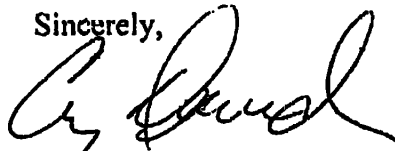
Jeff S. Jordan, Supervisory Attorney
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CAR also implemented a significant change in its state PAC fundraising program in 2011, so CAR's AI360 database had to be specially programmed to split payments according to a new state allocation formula. The state allocation formula was not supposed to affect CREPAC/Federal, but because of a programming error, the software failed to record many of the contributions made to CREPAC/Federal. As a result, those contributions were omitted from the data file used to prepare CREPAC/Federal's original 2011 Mid-Year Report, and, instead of being transferred to CREPAC/Federal's bank account, the funds remained in CAR's holding account.

During the first half of 2011, CAR's staff did not realize that the reports generated by AI360 were incomplete because they were unfamiliar with AI360, and they were also in the process of switching the PACs' other financial records to a new accounting system. In addition, a change in the state PAC fundraising program made it difficult to predict how much money the PACs would raise in 2011. It seemed plausible that contributions to CREPAC/Federal might decline. CAR's staff discovered the data problem at the time we filed CREPAC/Federal's original 2011 Mid-Year Report. However, the report could not be corrected immediately because CAR's AI360 database had to be reprogrammed. When the programming errors were rectified later in the year, and we were confident of the revised figures, we filed an amendment to the Mid-Year Report.

The situation that occasioned the amendment is unique. It occurred due to a confluence of various factors, none of which is likely to be repeated. Regardless of how much money was received and disclosed, it did not affect the amount of money transferred by CREPAC/Federal to its affiliated PAC. The public did not suffer any harm from the information contained in the original filing or the amended filing. If one considers the facts in this matter, it is entirely reasonable to conclude that there was not a violation of the Federal Election Campaign Act. We respectfully ask you to close this matter without any further action.

Sincerely,



Cary Davidsen
Legal Counsel

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